

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA**

In re:

MERCY HOSPITAL, IOWA CITY, IOWA, *et al.*,

Debtors.

)
) Chapter 11
)
) Case No. 23-00623 (TJC)
)
) Jointly Administered
)
) **Related to Docket No. 259**

**COMPENSATION REPORT OF TONEYKORF PARTNERS, LLC
FOR THE PERIOD FROM JUNE 1, 2024 THROUGH JUNE 24, 2024**

In accordance with the *Order Authorizing Debtors to Retain ToneyKorf Partners, LLC as Interim Management of the Debtors, Effective as of the Petition Date Pursuant to Section 363 of the Bankruptcy Code, and Granting Related Relief* [Docket No. 259] (the “Retention Order”) and pursuant to the terms of the engagement letter dated March 30, 2023 (the “Engagement Letter”), ToneyKorf Partners, LLC (“ToneyKorf Partners”) hereby submits its report of compensation earned and expenses incurred (the “Compensation Report”) for the period of June 1, 2024 through June 24, 2024 (the “Report Period”), and in support of such report respectfully represents:

1. The Debtors appointed Mark E. Toney to serve as the Chief Restructuring Officer (“CRO”), James R. Porter to serve as the Chief Financial Officer (“CFO”), and Christopher P. Karambelas to serve as the Chief Information Officer and Chief Operating Officer (“CIO/COO”) as set forth in the Engagement Letter. The Engagement Letter further states that ToneyKorf Partners will provide additional personnel to assist Mr. Toney, Mr. Porter, and Mr. Karambelas with the restructuring efforts and other business of the Debtors (the “Temporary Staff”), as set forth more fully in the Engagement Letter.

2. The Retention Order provides that ToneyKorf Partners shall file with this Court, and provide notice to the Office of the United States Trustee for the Northern District of Iowa (the

“U.S. Trustee”) and any official committees of, a report of staffing on the engagement for the previous month that includes the names and functions of each of the individuals assigned (each, a “Staffing Report”). *See* Retention Order, ¶ 3(c). The Staffing Report for the period June 1, 2024 to June 24, 2024 was filed on July 22, 2024 [Docket No. 1173].

3. The Retention Order also provides that ToneyKorf Partners shall file reports of compensation earned and expenses incurred for a sixty-day period. *See* Retention Order, ¶ 3(e). Accordingly, ToneyKorf Partners has prepared a summary report of compensation earned and expenses incurred for the Report Period, attached hereto as **Exhibits A-F**. Attached hereto as **Exhibit A** is a summary chart that discloses the names, functions filled, hours worked, and compensation by the CRO, CFO, CIO/COO, and the Temporary Staff for the Report Period. Attached hereto as **Exhibit B** is a summary chart that discloses the hours worked and compensation by category for the Report Period. Attached hereto as **Exhibit C** is a summary of hours worked and compensation by category by each ToneyKorf Partners professional for the Report Period. Attached hereto as **Exhibit D** is a description of hours worked by category for the Report Period. Attached hereto as **Exhibit E** is a summary of expenses incurred by category for the Report Period. Attached hereto as **Exhibit F** is an itemized list of expenses incurred for the Report Period.

Dated: July 26, 2024

/s/ Mark E. Toney
Mark E. Toney
Senior Managing Director
ToneyKorf Partners, LLC

EXHIBIT A

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD JUNE 1, 2024 TO JUNE 24, 2024
SUMMARY OF COMPENSATION EARNED BY PROFESSIONAL**

Senior Management	Position	Rate	Hours	Amount
Mark Toney	Chief Restructuring Officer	\$ 1,050	14.6	\$ 15,330.00
Jim Porter	Chief Financial Officer	810	31.3	25,353.00
Chris Karambelas	Chief Information Officer / Chief Operating Officer	725	13.0	9,425.00
Subtotal			58.9	\$ 50,108.00
Other Professionals	Position	Rate	Hours	Amount
Peg Brubaker	Vice President of Human Resources	\$ 685	15.2	\$ 10,405.15
Jamy Houck	Manager of Administration and Communications	660	3.1	2,046.00
Kara Borodkin	Treasury and Finance Manager	335	45.7	15,309.50
Subtotal			64.0	\$ 27,760.65
Total Hours and Fees			122.9	\$ 77,868.65
Discounts:				
Travel Discount at 50% ⁽¹⁾				-
Senior Management Contractual Discount ⁽²⁾				-
Total Discounts				\$ -
Net Fees				\$ 77,868.65
Expenses⁽³⁾				\$ 380.32
Total Billed				\$ 78,248.97

Notes:

(1) Travel time is discounted at 50% for all professionals per the engagement letter.

(2) Due to the declining required work and related time, the fees of the CFO and CIO/COO have decreased below the contractual cap per the engagement letter. Hence, the related discount has declined or is not applicable.

(3) Expenses represent amounts recorded to date and do not represent full amounts incurred. Further expenses may be reported after this reporting period.

EXHIBIT B

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD JUNE 1, 2024 TO JUNE 24, 2024
SUMMARY BY CATEGORY**

Category	Hours	Amount
01 Business Operations	85.5	\$ 51,944.40
02 Cash Management & Financing	6.8	2,635.50
03 Post-Closing UI Transition Services	2.2	1,449.50
09 Bankruptcy Reporting	4.0	1,772.50
11 DS & POL	17.2	15,362.75
16 Bankruptcy Meetings and Communications	2.0	1,145.00
17 Court Hearings	1.3	1,245.00
19 Compensation and Staffing Reports	3.9	2,314.00
Total Hours / Fees	122.9	\$ 77,868.65

EXHIBIT C

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD JUNE 1, 2024 TO JUNE 24, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL**

	Hours	Amount
01 Business Operations		
Mark Toney	4.8 \$	5,040.00
Jim Porter	20.9	16,929.00
Chris Karambelas	12.5	9,062.50
Peg Brubaker	14.4	9,891.40
Jamy Houck	-	-
Kara Borodkin	32.9	11,021.50
01 Business Operations Total	85.5 \$	51,944.40
02 Cash Management & Financing		
Mark Toney	0.5 \$	525.00
Jim Porter	-	-
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Kara Borodkin	6.3	2,110.50
02 Cash Management & Financing Total	6.8 \$	2,635.50
03 Post-Closing UI Transition Services		
Mark Toney	- \$	-
Jim Porter	1.5	1,215.00
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Kara Borodkin	0.7	234.50
03 Post-Closing UI Transition Services Total	2.2 \$	1,449.50
09 Bankruptcy Reporting		
Mark Toney	- \$	-
Jim Porter	0.5	405.00
Chris Karambelas	0.5	362.50
Peg Brubaker	-	-
Jamy Houck	-	-
Kara Borodkin	3.0	1,005.00
09 Bankruptcy Reporting Total	4.0 \$	1,772.50

EXHIBIT C

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD JUNE 1, 2024 TO JUNE 24, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL**

	Hours	Amount
11 DS & POL		
Mark Toney	8.5	\$ 8,925.00
Jim Porter	6.9	5,589.00
Chris Karambelas	-	-
Peg Brubaker	0.8	513.75
Jamy Houck	-	-
Kara Borodkin	1.0	335.00
11 DS & POL Total	17.2	\$ 15,362.75
16 Bankruptcy Meetings and Communications		
Mark Toney	-	\$ -
Jim Porter	1.0	810.00
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Kara Borodkin	1.0	335.00
16 Bankruptcy Meetings and Communications Total	2.0	\$ 1,145.00
17 Court Hearings		
Mark Toney	0.8	\$ 840.00
Jim Porter	0.5	405.00
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Kara Borodkin	-	-
17 Court Hearings Total	1.3	\$ 1,245.00
19 Compensation and Staffing Reports		
Mark Toney	-	\$ -
Jim Porter	-	-
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	3.1	2,046.00
Kara Borodkin	0.8	268.00
19 Compensation and Staffing Reports Total	3.9	\$ 2,314.00
Total	122.9	\$ 77,868.65

EXHIBIT D

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD JUNE 1, 2024 TO JUNE 24, 2024
CATEGORY DESCRIPTIONS**

01 Business Operations

Issues related to debtor-in-possession wind down operations in chapter 11, including duties of the CRO, CFO, COO/CIO, and Vice President of Human Resources. Management of the operations of the Debtors, including:

- a) CRO oversaw and managed aspects of the Debtors' wind down and post-sale operations. Planned overall case strategy, and managed bankruptcy professionals assisting the Debtors with various tasks. Led communications to the Board of Directors, community leaders, and media inquiries. Managed communication plans and deliverables for key stakeholders. Oversaw and assisted in strategy for HR matters, including retirement plan wind-downs and record retention. Developed transition planning for liquidating trustee;
- b) CFO managed the Debtors' financial and treasury functions, focused on cash generation and preservation, and managed the preparation of periodic reports required by the Bankruptcy Court or which are customarily issued by the Company's CFO. Coordinated cash flow efforts, oversaw budget and actual cash flow, operating loss, funding requirements, and other needs as necessary. Oversaw certain aspects of the Debtors' wind down and post-sale operations, including financial reporting and projections, post-closing accounts receivable wind down and transition of revenue cycle services to a new vendor, and various human resources and pension matters. Developed transition planning for liquidating trustee;
- c) CIO/COO oversaw the transition of legacy human resources and IT data to from the Buyer in accordance with the Transition Services Agreement. Developed transition planning for liquidating trustee;
- d) VP of Human Resources oversaw the wind down of human resources and benefit functions, including the defined benefit retirement plan, termination of the 401(k) and 403(b) plans, health and dental insurance, and workers' compensation. Responded to defined benefit pension inquiries, provided and processed pension commencement requests. Verified and updated demographic and financial data for defined benefit pension valuation. Developed transition planning for liquidating trustee; and
- e) Temporary Staff supported senior management as noted above, including preparing various weekly, monthly, and ad hoc financial and operational reports, both for operations, external reporting to stakeholders, and bankruptcy court. Managed the treasury function and prepared reporting for CRO and CFO. Developed transition planning for liquidating trustee.

02 Cash Management & Financing

Supported cash and liquidity management activities, including assisting with the preparation and maintenance of debtor-in-possession post-closing cash flow forecasts and variance analyses. Reviewed and approved vendor payments.

03 Post-Closing UI Transition Services

Provided post-closing employee, benefit, and payroll-related transition services to Buyer as agreed upon in the Transition Services Agreement between the Debtors and University of Iowa Health Care.

09 Bankruptcy Reporting

Oversaw and addressed administrative and/or reporting matters related to bankruptcy reporting. Analyzed contracts to be assumed or rejected. Supported efforts to prepare bankruptcy-related matters, including Monthly Operating Reports (MORs).

EXHIBIT D

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD JUNE 1, 2024 TO JUNE 24, 2024
CATEGORY DESCRIPTIONS**

11 Disclosure Statement & Plan of Liquidation

Reviewed and directed asset recovery and administrative claims in the waterfall analysis. Oversaw communications with the Bondholders, Unsecured Creditors' Committee, and Pension Committee advisors. Reviewed objection to Plan Confirmation and discussed with professionals. Planned and prepared for the Effective Date.

16 Bankruptcy Meetings and Communications

Participated in bankruptcy meetings and general correspondence with UCC, Pension Committee, Creditors, Committee Professionals, Other Debtors Advisors, Bondholder's Advisors, or Other Professionals relating to various case updates.

17 Court Hearings

Prepared for and participated in hearing.

19 Compensation and Staffing Reports

Prepared and reviewed monthly invoices, staffing reports, and compensation reports.

EXHIBIT F

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD JUNE 1, 2024 TO JUNE 24, 2024
ITEMIZED EXPENSES BY CATEGORY**

Name	Date	Expense Detail	Amount
Miscellaneous / Other			
Chris Karambelas	06/04/2024	Other - Monthly Microsoft licensing costs for Mercy Estate (x7 licenses)	\$ 201.25
Peg Brubaker	06/07/2024	Other - Postage to remail returned pension package to correct address	\$ 1.87
Peg Brubaker	06/10/2024	Other - Postage to remail returned 403(b) pension package to correct address	\$ 2.59
Peg Brubaker	06/12/2024	Other - Postage to remail returned pension package to correct address	\$ 2.11
Chris Karambelas	06/24/2024	Other - Microsoft licensing costs for additional periods	\$ 172.50
Miscellaneous / Other Total			\$ 380.32
Grand Total			\$ 380.32